Subsection 1.—The Canadian Tariff Structure*

The Canadian Tariff consists mainly of three sets of tariff rates—British Preferential, Most-Favoured-Nation, and General. British Preferential rates consist of a specially low rate of duty on almost all imported dutiable commodities and apply to specified goods from Commonwealth countries if shipped direct to Canada. On certain goods special rates may be applied under the British Preferential Tariff; these special rates are lower on those goods than the ordinary British Preferential scale. Most-Favoured-Nation tariff rates apply to goods from countries that have been accorded tariff treatment more favourable than the General Tariff but which are not entitled to the British Preferential rate. To certain non-Commonwealth countries, a special concession under the Most-Favoured-Nation rates may be granted and rates lower than those of the Most-Favoured-Nation tariff may apply by agreement. The General Tariff is levied on all imports that do not qualify for Preferential or Most-Favoured-Nation tariff treatment.

In all cases where the tariff applies, there are provisions for drawbacks of duty on imported materials used in the manufacture of products later exported. The purpose of these drawbacks is to give Canadian manufacturers a fair basis of competition with foreign producers of similar goods where it is felt to be warranted. A second class of drawbacks known as 'home consumption' drawbacks apply mainly to imported materials and parts used in the production of specified classes of goods manufactured for home consumption.

Too often one-sided competition arises out of unfair practices, such as dumping or the manipulation of exchange advantages. Wide powers have been given, in certain instances, to supplement tariff provisions. Thus, the Minister of National Revenue or, through him, the customs officials have been empowered at times to establish a 'fair market value' as a basis of applying duties to be collected. The term 'fair market value' is vague and open to various interpretations and has been frequently criticized but, in exceptional cases of imports from General Tariff countries, arbitrary valuations have proved effective.

The exchange situation as it affects the Tariff is a different problem. A foreign currency that has become considerably depreciated in relation to the Canadian dollar enables the country concerned to export goods to Canada under a very definite advantage and customs officials have been given power, under conditions such as these, to value imports from such countries at a "fair rate of exchange". While this power has been applied to meet extraordinary conditions in the past, it has now been modified by clauses in trade agreements drawn up with individual countries.

The Tariff Board.—The Tariff Board, constituted by the Tariff Board Act, 1931, consists of three members, one of whom is chairman and another vice-chairman. The duties and powers of the Board derive from three Statutes of Canada: the Tariff Board Act, the Customs Act, and the Excise Tax Act.

Under the Tariff Board Act, the Board makes inquiry into and reports upon any matter in relation to goods that, if brought into Canada or produced in Canada, are subject to or exempt from duties of customs or excise and on which the Minister of Finance desires information. The investigation into any such matter may include inquiry as to the effect that an increase or decrease of the existing rate of duty upon a given commodity might have upon industry or trade and the extent to which

* The schedules and rates in force at any particular time may be obtained from the Department of National Revenue, Ottawa, which is responsible for administering the Canadian Tariff.